

**OFFICE OF AUDIT SERVICES
REAL ESTATE AUDITOR CONTRACT MANAGER PROTOCOLS**

Criteria for Selecting Audit Firms for Particular Assignments

A. Initial Assignments. The selection of audit firms for the first one or first few audit assignments will be based upon their stated areas of expertise, assurance that there are no conflicts of interest, and location in relation to the selected Partner/Advisor.

B. Subsequent Assignments. Once an Auditor has successfully completed one or a few compliance audits of the Real Estate Advisor/Partner or Construction/Development, the Office of Audit Services will apply the following criteria to select Auditors for future real estate audit assignments.

- ☒ Auditors' expertise for the Audit Specialty selected to review.
- ☒ Determine whether any conflicts of interest apply to Auditors.
- ☒ Location in relation to the selected audit site(s).
- ☒ Past evaluations from previous audit work performed with CalPERS. The Contract Manager will consider the quality of the work, efficiency and cost effectiveness of previous audit work performed, and effective communication with all parties involved.
- ☒ Availability of Auditors.

Evaluation of Auditor Performance

The Contract Manager will evaluate the performance of each of the audit firms. The primary purposes of this evaluation are to evaluate the quality of the work and perform a cost benefit analysis. The following areas are evaluated:

- ☒ Quality of the report.
- ☒ Quality of the workpapers and supporting documentation for the report.
- ☒ Cost effectiveness of the work.
- ☒ Efficiency and timeliness of the audit process.
- ☒ Communication and ability of the firm to work with the auditee, the Investment Office and the Contract Manager.